



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224

Small Business/Self-Employed Division

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MEMORANDUM FOR EXCISE TAX TERRITORY MANAGERS

FROM: W. Ricky Stiff /s/ *W. Ricky Stiff*
Chief, Excise Tax Program

SUBJECT: Reissued (Updated) Field Concentration Samples Procedures

This memorandum reissues and updates field concentration sample procedures provided to Fuel Compliance Officers (FCOs) in a memorandum issued June 16, 2006 (Control Number SBSE 04-0606-031).

The prior memorandum instructed FCOs to use plastic bottles for the concentration samples. Those instructions are obsolete. FCOs will now use one (1) ounce glass bottles to ship all samples.

Fuel Compliance Officers (FCOs) collect samples of dyed product at wholesalers and retailers. These samples are tested for dye concentration to ensure that dyed product in the distribution stream below the terminal rack remains dyed to the concentration required in Treasury Regulations section 48.4082-1(b). These samples are called "field concentration" samples. A wholesaler or retailer who is found with dyed fuel dyed at a concentration below that required in Regs sec. 48.4082-1(b) may be in violation of Internal Revenue Code section 6715(a)(3) or (a)(4).

Please direct your FCOs to document and label the field concentration samples as "concentration" samples. This tells the lab to perform a test which measures the amount of dye in the product. FCOs will continue to document and label all samples where they are looking for any presence of dye as "usage" samples. A good rule of thumb to follow: if you expect to find dye, such as at a retailer selling red fuel, treat your sample as a concentration sample; if you don't expect to find dye, such as on the highway or at a retailer's pump selling undyed highway fuel, treat your samples as usage samples.

These procedures will be incorporated in the upcoming FCO IRM, 4.24.13.

If you have any questions, please contact Thomas Ludwig, Excise Tax Fuel Policy Manager.

Cc: www.irs.gov